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If you have sold or transferred all your shares in Pioneer Global Group Limited, you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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Pioneer

PIONEER GLOBAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

DISCLOSEABLE TRANSACTION

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“Add Return”	a company incorporated in the British Virgin Islands, is beneficially owned by the Gaw Family Trust and is a connected party of the Group
“Agreement”	an agreement dated 8 August 2003 entered into between Pioneer Industries and the Purchaser in respect of, inter alia, the Disposal
“associate”	has the meaning as defined in the Listing Rules
“Baht”	Baht, the lawful currency of Thailand
“board”	the board of directors including independent non-executive directors of the Company
“Company”	Pioneer Global Group Limited, a company incorporated in Bermuda with limited liability the shares of which are listed on the Stock Exchange
“connected party”	Gaw Family Trust, certain members of which, namely Mrs. Rossana Wang Gaw, Mr. Goodwin Gaw and Mr. Kenneth Gaw, are directors of the Company. As at the Latest Practicable Date, Mrs. Rossana Wang Gaw and Mr. Kenneth Gaw are interested in an aggregate of 23.34% in the issued share capital of the Company within the meaning of Part XV of the SFO
“Contract”	the contract dated 11 July 2003 entered into between Grand Prospect and Orchid REO LP in respect of the acquisition by Grand Prospect of Orchid Fund Four
“Disposal”	the disposal of the Sale Shares and the assignment of the Shareholder’s Loan Portion by Pioneer Industries pursuant to the Agreement
“Grand Prospect”	Grand Prospect Enterprise Limited, a company incorporated in Hong Kong with limited liability which is a 51% non-wholly owned subsidiary of the Company before the Disposal (the other 49% being owned by Add Return)

DEFINITIONS

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hotel”	the Garden Beach Resort, a 382-room resort on a 4.7 acre freehold land located at Pattaya, Banglamung, Chonburi, Thailand
“Latest Practicable Date”	15 August 2003, being the latest practicable date prior to the printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Orchid Fund Four”	an unlisted property fund duly organised and validly existing under the laws of Thailand with its registered office at c/o MFC Asset Management Public Company Limited, 30–32nd Floor, Lake Rajada Building, 193–195 Ratchadapisek Road, Klong Toey, Bangkok 10110 Thailand. It is currently the 100% beneficial and registered owner of the Hotel. The total issued and outstanding capital of Orchid Fund Four consists of 57,964,332.9738 investment units, with a par value of Baht 10 each
“Orchid REO LP”	Orchid REO LP, a limited partnership incorporated under the laws of the Cayman Islands and having its registered office at Ugland House, South Church Street, P.O. Box 309, George Town, Grand Cayman, Cayman Islands, is the beneficial and registered owner of the Fund
“Pioneer Industries”	Pioneer Industries (Holdings) Limited, a company incorporated in Hong Kong with limited liability which is a wholly-owned subsidiary of the Company
“Purchaser”	Profit Multiples Development Limited, a company incorporated in the British Virgin Islands with limited liability which is an independent third party not connected with any of the directors, chief executives and substantial shareholders of the Company and its subsidiaries or their respective associates

DEFINITIONS

“Sale Shares”	15 shares of HK\$1.00 each in the share capital of Grand Prospect
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong)
“Shareholder’s Loan Portion”	a portion, in the amount of HK\$285,480 which represents 1.5% of the total shareholders’ loans of approximately HK\$19 million in aggregate advanced to Grand Prospect by its shareholders (being Pioneer Industries and Add Return), of the shareholder’s loan which Pioneer Industries had advanced to Grand Prospect in proportion to its then 51% shareholding interest in Grand Prospect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholders”	has the meaning as defined in the Listing Rules

LETTER FROM THE BOARD



Pioneer

PIONEER GLOBAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

Executive Directors:

Rossana Wang Gaw (*Chairman*)
Goodwin Gaw (*Vice Chairman*)
Kenneth Gaw (*Managing Director*)
Jane Kwai Ying Tsui

Registered office:

Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

Independent non-executive Directors:

Dr. Charles Wai Bun Cheung, *J.P.*
The Hon. Bernard Charnwut Chan
Arnold Tin Chee Ip

*Principal place of business and
head office:*

Suites 01–03, 30/F
Office Tower
Convention Plaza
1 Harbour Road
Wanchai, Hong Kong

26 August 2003

To the Shareholders

Dear Sir/Madam,

INTRODUCTION

On 11 July 2003, Grand Prospect, a 51% non-wholly owned subsidiary of the Group, as the Buyer, entered into Contract with Orchid REO LP, as the Seller, to acquire 100% of the Orchid Fund Four from the Seller at the total consideration of Baht 870 million (approximately HK\$163 million). The Group's share of investment is 51% representing an amount of Baht 443.7 million (approximately HK\$83 million). The Orchid Fund Four is a Thai property fund which currently owns a 382-room hotel, Garden Beach Resort, in Pattaya, Thailand. The Contract constitutes a Discloseable Transaction for the Company within the meaning of the Listing Rules.

Subsequently, on 8 August 2003, Pioneer Industries, a wholly-owned subsidiary of the Company, signed the Agreement as vendor to sell to the Purchaser 15 shares in Grand Prospect, representing 1.5% of the issued share capital of Grand Prospect, at a consideration of HK\$15. Pioneer Industries has also assigned to the Purchaser the shareholder's loan which Pioneer Industries had advanced to Grand Prospect in proportion to its then 51% shareholding interest

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in Grand Prospect at its face value of HK\$285,480. Grand Prospect has therefore ceased to be a subsidiary of the Company and has become a 49.5% owned associated company of the Company.

At the time when Grand Prospect entered into the Contract, it was a 51% non-wholly owned subsidiary of the Company. Although Grand Prospect has ceased to be a subsidiary of the Company upon completion of the Disposal under the Agreement, the Contract entered into by Grand Prospect was regarded as a discloseable transaction of the Company as of 11 July 2003 for Listing Rules purposes and the Company has issued this circular to Shareholders in that connection.

The purpose of this circular is to provide Shareholders with details of the Contract, general information on the nature of transaction relating to the Agreement and certain information on the Group in compliance with the requirements of Chapter 14 of the Listing Rules.

THE CONTRACT

1. Date

11 July 2003

2. Parties

Buyer – Grand Prospect;

Seller – Orchid REO LP, an independent third party not connected with the directors, chief executive or substantial shareholders of the Company, its subsidiaries or their respective associates under the Listing Rules.

3. Acquisition

The Buyer shall buy 100% of the Orchid Fund Four from the Seller.

4. Orchid Fund Four

Orchid Fund Four – The Orchid Fund Four was formed in January 2000 to acquire the Hotel for rental purpose. The audited net tangible asset value of the Orchid Fund Four was Baht 713 million (approximately HK\$134 million) as of 31 May 2003. The audited revenue and profit before and after taxation of the Orchid Fund Four were Baht 95 million (approximately HK\$18 million) and Baht 36 million (approximately HK\$7 million) respectively for the financial year ended May 2003. The audited revenue and profit before and after taxation of the Orchid Fund Four were Baht 101 million (approximately HK\$19 million) and Baht 96 million (approximately HK\$18 million) respectively for the financial year ended May

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2002. The Orchid Fund Four, being a registered property fund, is not subject to corporate income tax in Thailand under the laws of Thailand. The audited rental income generated from the Hotel was Baht 95 million (approximately HK\$18 million) for the financial year ended May 2003. The audited rental income generated from the Hotel was Baht 101 million (approximately HK\$19 million) for the financial year ended May 2002. The audited net tangible asset value of the Hotel was Baht 701 million (approximately HK\$131 million) as of 31 May 2003. As Grand Prospect ceased to be a subsidiary of the Group upon completion of the Agreement, the Group will no longer have to consolidate the results and balance sheet of Grand Prospect into the Group's own financial statements and the Group's investment in Grand Prospect will only be accounted for as an investment in an associate and the results of Grand Prospect will be accounted for as the results of an associate of the Group.

5. Consideration/payment method

The consideration is Baht 870 million (approximately HK\$163 million) will be paid in cash. A deposit of Baht 100 million (approximately HK\$19 million) was paid on 16 July 2003 with the balance of consideration to be paid on 10 October 2003.

6. Delivery

10 October 2003

7. Major condition to completion

The completion is subject to Thai government approval on the acquisition and an independent accountant's (KPMG) review, appointed by the Seller, on the past financial performance of the Hotel. All expenses relating to such appointment will be borne by the Seller.

8. Source of funds

The purchase of the 100% interest in the Orchid Fund Four will be financed by a combination of bank borrowing and internal resources of Grand Prospect. Grand Prospect will be seeking non-recourse bank borrowing to partially finance approximately 55% of the purchase price. The remaining portion of the purchase price is expected to be financed by advances and/or loans from the respective shareholders of Grand Prospect (including Pioneer Industries which will be responsible for its portion of 49.5% interest in Grand Prospect upon completion of the Agreement).

9. Reason for the acquisition

The principal business activities of the Group consist of property investment & management, investment of securities, and information service provision. Hotel investment is included under the property investment and management activity.

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The consideration for the purchase has been determined after arm's length negotiations with reference to an independent valuation of the Hotel. The valuation amount as at 21 May 2003 is Baht 1,023 million (approximately HK\$192 million) determined by an independent valuer, Nexus Property Consultants Co., Ltd., Thailand. The Board considered that the investment would contribute to the income of the Group and therefore is in the best interest of the Group and its shareholders. By the Agreement as stated below, the Group reduced its interests in Grand Prospect from 51% to 49.5% and the Company will no longer have to consolidate the results and balance sheet of Grand Prospect, including the borrowings which Grand Prospect is expected to have to incur in order to finance part of the consideration payable for the purchase of the Fund. The Board considered that this enables the Company to have the flexibility of conserving its assets and financial resources for other potential applications and at the same time enable the Group to share in the income to be generated by Grand Prospect's investment in the Hotel through its acquisition of Orchid Fund Four pursuant to the Contract.

THE AGREEMENT

1. Date

8 August 2003

2. Parties

Pioneer Industries; and

Purchaser – The Purchaser is an independent third party not connected with any of the directors, chief executives and substantial shareholders of the Company or any of its subsidiaries, or of any of their respective associates under the Listing Rules.

3. General information on nature of the transaction

By the Agreement, Pioneer Industries sold to the Purchaser 15 shares in Grand Prospect, representing 1.5% of the issued share capital of Grand Prospect, at a consideration of HK\$15. Pioneer Industries has also assigned to the Purchaser the shareholder's loan which Pioneer Industries had advanced to Grand Prospect in proportion to its then 51% shareholding interest in Grand Prospect at its face value of HK\$285,480. The Shareholder's Loan Portion represents 1.5% in principal amount of the aggregate amount of all the shareholders' loans advanced to Grand Prospect by its shareholders, being Pioneer Industries and Add Return. (There is no restriction provided in the Contract on any disposal, prior to the completion of the Contract, by any shareholder of Grand Prospect of any of its interests in Grand Prospect.)

The total consideration of the Disposal of the Sale Shares and the assignment of the Shareholder's Loan Portion was HK\$285,495, which has been satisfied by payment in cash to Pioneer Industries on the date of completion of the Disposal.

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The terms of the Agreement, including the consideration which was determined by reference to the portion of the total investment in Grand Prospect (being the total paid-up share capital of Grand Prospect of HK\$1,000 and the shareholders' loans advanced to Grand Prospect of approximately HK\$19 million) made by the original shareholders (being Pioneer Industries and Add Return) attributable to a 1.5% interest in Grand Prospect, have been reached following arm's length negotiations between the parties to the Agreement. The board of directors of the Company (including the independent non-executive directors of the Company) are of the view that the terms of the Agreement are fair and reasonable as far as its shareholders are concerned. The board of directors of the Company (including the independent non-executive directors of the Company) are also of the view that upon completion of the Agreement, the Company will no longer have to consolidate the results and balance sheet of Grand Prospect and eventually, Orchid Fund Four, but will be able to continue to participate as a 49.5% shareholder in Grand Prospect in order to share in the income to be generated by Grand Prospect's investment in the Hotel through its acquisition of Orchid Fund Four pursuant to the Contract, the entering into and implementation of the Agreement and the transactions contemplated thereunder are therefore in the interest of Company and its shareholders as a whole.

Grand Prospect was incorporated on 1 February 2002 and has been inactive since its incorporation. Apart from its issued share capital of HK\$1,000 and the deposit paid under the Contract, Grand Prospect has no other material asset and, apart from the total shareholders' loans in the aggregate amount of approximately HK\$19 million due to its shareholders, no material liability. The unaudited net tangible assets of Grand Prospect as at 31 July 2003 is HK\$1,000 and no profit or loss has been incurred throughout the period from its incorporation to the month ended 31 July 2003.

In conjunction with the Disposal, the Purchaser has separately also purchased from Add Return 15 shares in Grand Prospect, representing 1.5% of its issued share capital, and taken up from Add Return the assignment of a portion, in the amount of HK\$285,480, of the shareholder's loan which Add Return had advanced to Grand Prospect in proportion to its shareholding, for a total consideration of HK\$285,495, which is equal to the consideration received by Pioneer Industries under the Disposal.

Following the completion of the Disposal, the Company, through Pioneer Industries, is now interested in 495 shares in Grand Prospect, representing 49.5% of the issued share capital of Grand Prospect with Add Return and the Purchaser interested in the remaining 47.5% and 3% of its issued share capital respectively.

Grand Prospect has therefore ceased to be a subsidiary of the Company and has become a 49.5% owned associated company of the Company.

4. Reasons for the Disposal

Pursuant to the Disposal, the Company has reduced its indirect shareholding in Grand Prospect from 51% to 49.5%. As a result, Grand Prospect is no longer a subsidiary of the

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Company and a member of the Group. The board of Grand Prospect comprises one director nominated by Pioneer Industries and one director nominated by Add Return with neither of them has a casting vote and in case of a dead-lock, the shareholders of Grand Prospect might seek to effect a voluntary winding-up of the company in accordance with the articles of association of Grand Prospect. By reducing its interests in Grand Prospect from 51% to 49.5%, the Company will no longer have to consolidate the results and balance sheet of Grand Prospect (including the borrowings which Grand Prospect is expected to have to incur in order to finance part of the consideration payable for the purchase of Orchid Fund Four pursuant to the Contract) and, following completion of the acquisition of Orchid Fund Four pursuant to the Contract, Orchid Fund Four into the Group's own financial statements. This will enable the Company to conserve its assets and financial resources for other potential applications. At the same time, the directors of the Company consider that the continuing participation of the Group as a 49.5% shareholder in Grand Prospect will enable the Group to share in the income to be generated by Grand Prospect's investment in the Hotel through its acquisition of Orchid Fund Four pursuant to the Contract. The Company intends to keep the 49.5% interest in Grand Prospect as a long term investment and it has no present intention to dispose further interests in Grand Prospect.

DESPATCH OF THIS CIRCULAR

As mentioned in the announcement of the Company dated 6 August 2003 in respect of the delay in the despatch of the circular regarding the Contract, the Company were not able to despatch the circular within 21 days after the publication of the announcement of the Company dated 15 July 2003 in respect of the Contract as additional time was required to prepare and finalise the circular; the Company had been engaged in negotiations relating to the Disposal until towards the end of the 21 day period and had assumed that, when Grand Prospect ceased to be a subsidiary of the Company upon completion of the Disposal, the acquisition by Grand Prospect of Orchid Fund Four under the Contract would no longer be considered a discloseable transaction of the Company under the Listing Rules and that, accordingly the Company was not able to despatch the circular within the 21 day period.

At the time Grand Prospect entered into the Contract, it was a 51% non-wholly owned subsidiary of the Company. Although Grand Prospect has ceased to be a subsidiary of the Company upon completion of the Disposal, the original transaction represented by Grand Prospect entering into the Contract was regarded as a discloseable transaction of the Company as of 11 July, 2003 for Listing Rules purposes and the Company has issued this circular to Shareholders in that connection.

Your attention is drawn to the information set out in the Appendix to this circular.

Yours faithfully
Kenneth Gaw
Managing Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contain in this circular and confirm, having made full reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DIRECTORS' INTEREST

As at the Latest practicable date, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model code for Securities Transactions by Directors of Listed Companies and which were required to be entered into the register required to be kept under section 352 of the SFO were as follows:

Aggregate long and short positions in shares and (in respect of equity derivatives) underlying shares of the Company

Name of Directors	Personal	Corporate	Others	Total	%
Rossana Wang Gaw	–	15,309,732 [#]	<i>Note 1</i>	138,458,433	18.49
Kenneth Gaw	1,734,750	8,122,000 ^{##}	<i>Note 2</i>	36,314,524	4.85
Jane Kwai Ying Tsui	600,750	–	–	600,750	0.08

Notes:

1. Family trust of which members of the family of Mrs. Rossana Wang Gaw are amongst the beneficiaries held an aggregate of 123,148,701 shares.
 2. Family trust of which Mr. Kenneth Gaw is a beneficiary held an aggregate of 26,457,774 shares.
- [#] Mrs. Rossana Wang Gaw owns the entire issued share capital of Vitality Holdings Limited, which was beneficially interested in 15,309,732 shares.
- ^{##} Mr. Kenneth Gaw owns the entire issued share capital of Fortune South China Limited, which was beneficially interested in 8,122,000 shares.

Particulars of outstanding share options of the Company

Name of Directors	Number of Options	Exercise price HK\$	Date of grant	Exercise period
Rossana Wang Gaw	8,167,113	1.582	06/03/97	06/03/97 to 05/03/07
Goodwin Gaw	9,668,588	1.941	24/10/96	24/10/96 to 23/10/06
	7,507,374	1.582	06/03/97	06/03/97 to 05/03/07
Kenneth Gaw	9,668,588	1.941	24/10/96	24/10/96 to 23/10/06
	7,507,374	1.582	06/03/97	06/03/97 to 05/03/07
Jane Kwai Ying Tsui	2,274,961	1.941	24/10/96	24/10/96 to 23/10/06
	2,274,962	1.582	06/03/97	06/03/97 to 05/03/07

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, had, under Divisions 7 and 8 of Part XV of the SFO, nor were taken to or deemed to have under such provisions of the SFO, any interests or shorts positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) or any interests which are required to be entered into the register kept by the Company pursuant to section 352 of the SFO or any interests which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in Listing Rules.

3. SUBSTANTIAL SHAREHOLDERS' INTEREST

Save as disclosed below, the Directors are not aware of any other person (other than a Director of the Company) who, as at the Latest Practicable Date, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholders	Number of shares	%
Asset-Plus Investments Ltd.	68,076,076	9.09
Forward Investments Inc.	174,277,635	23.27
Intercontinental Enterprises Corporation	72,650,000	9.70
Prosperous Island Limited	63,354,452	8.45

Save as disclosed below, the Directors are not aware of any other persons (other than a Director of the Company) who, as at the Latest Practicable Date, was directly or indirectly interest in 10% or more of the nominal value of any class share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of company	Name of shareholder	%
Forerunner Investments Limited	Farnham Group Limited	30%
Pioneer iConcepts Limited	Ng Poon Wing Man Agnes	40%

4. SERVICE CONTRACTS

None of the Directors have any existing or proposed service contract with the Company or any member of the Group (excluding contracts expiring or determinable by the Company within one year without payment of compensation other than statutory compensation).

5. LITIGATION

No litigation or claim of material importance is known to the Directors to be pending or threatened against the Group.

6. GENERAL

- (a) The secretary of the Company is Jane Kwai Ying Tsui who is an associate of The Institute of Bankers of London.
- (b) The registered office of the Company is Ceder House, 41 Cedar Avenue, Hamilton, HM 12, Bermuda.
- (c) The share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.